



American Recovery and Reinvestment Act (ARRA) Quarterly Reporting

General Fund State Fiscal Stabilization Fund (GF SFSF) Reimbursement Request Questions

1: What does GF SFSF stand for?

A: GF SFSF is an acronym for General Fund State Fiscal Stabilization Funds. It is a federal funding source that is being paid into school districts' General Funds during FY2010 and FY2011 with the Direct State Aid (DSA) payments. These funds have also been referred to as ARRA DSA or ARRA K-12 BASE Aid.

2: Why do I have to request reimbursement for general fund expenditures in order to receive these funds?

A: A portion of Montana school districts' FY2009-10 General Fund budgets are supported by ARRA State Fiscal Stabilization Funds (CFDA # 84.394), as appropriated in House Bill 645 (HB645). These are federal funds that OPI is required to distribute to school districts on a reimbursement basis.

3: When or how quickly can I request the total amount of ARRA State Fiscal Stabilization Funds that I am entitled to receive through K-12 BASE Aid (DSA)?

A: You can spend the funds in any quarter, as long as you use the funds and submit a timely request for reimbursement by the last quarterly report. It is recommended that you spend the money and request reimbursements as soon as possible, and not later than the second quarter of the year, if possible. Because of the strict deadlines on quarterly reports, early reporting is recommended.



4: What happens if I don't complete the reimbursement request?

A: Every school district that completed the HB645 K-12 Funding application through the Governor's Office accepted State Fiscal Stabilization Funds (SFSF) as a revenue source to fund the FY2010 and FY2011 general fund budgets. If a district does not complete the reimbursement request for GF SFSF, there will be a payment adjustment made during the final Direct State Aid (DSA) payment in June of 2010, resulting in less revenue available to support the general fund budget.

5: Are there prohibitions on the use of State Fiscal Stabilization Funds?

A: Yes, there are certain prohibitions on the use of State Fiscal Stabilization Funds. The following prohibitions are from the guidance issued by the Department of Education on April 1, 2009.

An LE may NOT use Education Stabilization funds for –

- Payment of maintenance costs;
- Stadiums or other facilities primarily used for athletic contests or exhibitions or other events for which admission is charged to the general public;
- Purchase or upgrade of vehicles;
- Improvement of stand-alone facilities whose purpose is not the education of children, including central office administration or operations or logistical support facilities;
- Financial assistance for students to attend private elementary or secondary schools, unless the funds are used to provide special education and related services to students with disabilities, as authorized by the IDEA;
- School modernization, renovation, or repair that is inconsistent with State law; or
- Restoring or supplementing a “rainy day” fund.

6: Do I need to use specific accounting codes for the reimbursement of GF SFSF?

A: Yes. The revenue source code is 7800, and the expenditure program code is 780. Information on accounting codes is available at the link below.

http://www.opi.mt.gov/pdf/SchoolFinance/ARRA/Guidance_ARRA.pdf

Please see questions 8-11 for questions addressing specific accounting practice for these funds.



7: How do I know how much my district has to request in GF SFSF reimbursement?

A: Each school district's maximum GF SFSF request is pre-loaded into the Web-based reporting program on the GF SFSF tab. The "GF SFSF Still to Be Reimbursed" field in the program will update as you enter expenditures that your district has identified for reimbursement. The total amount of ARRA SFSF supporting FY2010 general fund budgets is also listed by district at the following location, under the "FY10 TOTAL ARRA in HB645" column heading.

<http://www.opi.mt.gov/pub/School%20Finance/FY09NewFundingComponents/09AprDSAARRA.pdf>

8: How will I record revenue associated with General Fund State Fiscal Stabilization Funds (GF SFSF)?

A: First, you must code expenditures in your accounting system to reflect what your district has determined its GF SFSF funds are being spent on. It is important that you use expenditure program code 780 for these expenditures. Then, you will report the expenditures in the ARRA web-based program. This serves as a request for reimbursement.

In the month following the quarterly report, you will receive your Direct State Aid (DSA) payment from OPI. Code this payment as follows:

- 1) Use revenue source code 7800 for the reimbursement request submitted in the ARRA web-based application; and
- 2) Use revenue source code 3110 for the remaining amount of the DSA payment.

Specific payment advice will be provided to districts making a reimbursement request.

9: Will my county treasurer record the GF SFSF reimbursement as revenue source 7800?

A: This will depend on how your county treasurer chooses to keep their records. The traditional payment advice provided by OPI to counties and school districts will show all Direct State Aid (DSA) revenue as revenue source 3110.

However, upon submittal of a GF SFSF reimbursement request, school districts and county treasurers will receive specific payment providing guidance on how to separate the DSA payment into revenue source code 3110 (regular DSA) and revenue source code 7800 (GF SFSF).



10: How will the GF SFSF funds be reported on the Trustees Financial Summary?

A: On the FY2010 Trustees Financial Summary (TFS), OPI will pre-fill revenue source code "7800 – ARRA State Fiscal Stabilization Fund" with the amounts that OPI actually paid to school districts. There will be validations to ensure that school districts report an equal amount of expenditures using expenditure program code 780.

11. My district has determined that the GF SFSF funds were used for July and August expenditures, but I didn't code those expenditures using expenditure program 780. May I still report these expenditures in Quarter 1 on the web-based program and request reimbursement?

A: Yes, you can report those expenditures in Quarter 1 on the web-based program as long as you do it by the September 30 due date. On your accounting records, do a journal voucher to:

- 1) Reverse (credit) the amount from the expenditure code you originally used to record the transaction(s); and
- 2) Record (debit) the amounts to the correct expenditure code using expenditure program code 780. Also, make sure you have some backup documentation to support the journal voucher so the auditor will know why you made the entry.

12: I'm reporting for a special education cooperative. On the GF SFSF Expenditures screen, why does it show "GF SFSF Maximum Request" as \$0.00?

A: The Legislature appropriated SFSF funds to support the basic and per-ANB entitlements. OPI pays these entitlements to school districts in the form of a Direct State Aid (DSA) payment. Cooperatives do not receive a DSA payment, and therefore do not need to submit a reimbursement request.

13: If my district chooses to use GF SFSF for salaries, can the district still access the retirement fund (14) for the employer share of the benefits?

A: Yes. With most Federal grants, the retirement benefits must be paid from the same funding source that the salary is paid from. However, HB 645 includes a provision allowing the district to pay the employer's contributions to the retirement, federal social security, and unemployment insurance systems from the retirement fund if a district employee is paid using GF SFSF (only for the 2011 biennium).



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